

AUGUST, 1971



DIGEST

THE CO-OPERATIVE FEDERATION
OF VICTORIA

THE CO - OPERATIVE FEDERATION OF VICTORIA

- ★ Is a federation of co-operative associations, societies and corporations in Victoria.
- ★ It was founded in Melbourne in October, 1970.
- ★ The constitution states these as its objects:

TO encourage the application of co-operative principles and methods to economic and social needs by the formation and development of co-operative organisations and associations for distribution, manufacturing, marketing housing, health insurance, credit and any other services or activities to which co-operative principles and methods may be applied.

TO carry on, encourage and assist educational and advis-

ory work relating to co-operative enterprises.

TO further and protect the interests of co-operatives by action in making representations to responsible authorities.

TO print, publish and circulate any newspapers or other publication in the interest of co-operative enterprises, practice and principles.

TO render services designed to ensure efficiency and uniformity in the conduct of the business of its members.

- ★ The present members are:

Associations, Federations: Victorian Credit Co-operative Association Ltd.; Victorian Trading Co-operative Association Ltd.; Victorian Artificial Breeders Association; Federation of Co-operative Housing Societies of Victoria.

Societies or corporations: The Phosphate Co-operative Company of Australia Ltd.; Co-operative Insurance Company of Australia Ltd.; Murray Goulburn Co-operative Co. Ltd.; Y.C.W. Co-operative Society Ltd.; Security Co-operative Permanent Building Society; Home Land Co-operative Ltd.

- ★ The CFV is a member of the Co-operative Federation of Australia.
- ★ The CFA is affiliated with the International Co-operative Alliance.

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Editor

J. Lawrence

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Why the Federation?

IT was formed by people who saw a need to co-ordinate the many types of co-operatives in Victoria. The founders believed a federation was necessary to ensure that the vast amount of money, effort, achievements, talents, knowledge, experience and hopes built up in co-operatives was developed to the fullest extent in meeting economic and social needs.

The Federation is a voluntary association of co-operatives designed to encourage the application of co-operative principles and methods. It will seek to do this without usurping or duplicating the functions of any association of co-operatives or of any individual co-operative society or corporation.

The Federation is controlled by a Council which consists of representatives of its member bodies. The Council has met monthly since October, 1970, and has considered a wide range of questions.

The Council believes existing co-operatives should have a good knowledge of other types of co-operatives, and this issue of Co-op Digest takes a look at some of the Federation's members. Others will be featured in future issues.

Another need which Council is tackling is the preparation of an up-to-date survey of existing co-operatives. Preliminary research should collate information now available and provide some ideas for maintaining progressive statistical records in the future.

Speaking of Co-ops

By **ALEX LAIDLAW,**
Canadian Co-op Educationist

"Sometimes the co-operator may even ask himself just what are co-operatives trying to do that makes them different? . . . or . . . if all business suddenly becomes thoroughly efficient and perfectly reliable, would that make co-operatives unnecessary?"

"When we think about it one answer stands out clearly: A co-operative is not one thing, but two; it is both business and part of a social movement, both enterprise and ideals. Or to put it another way: co-operatives are business with a social purpose. They are a marriage in which the partners are economic need and human development . . .

"I like to think of co-ops as having two hands on the same body—the right hand of good business and the left of social purpose. In the successful co-op, each hand not only knows and understands what the other is doing, but the two come together in doing the job. There never has been a time in the history of the co-operative movement when it was more necessary to get the two together."

— from an article published in
"Co-op Report" May - June
1971, a publication issued by
Co-operative League of USA.

Homes for the people



J. E. MASON

The Federation of Co-operative Housing Societies of Victoria

THE Federation of Co-operative Housing Societies of Victoria, representing the majority of co-operative housing societies in this State, believes that:

EVERY person and family in the community should be given an opportunity to obtain a home.

THERE is a continuing unsatisfied need by the average wage-earner for housing finance.

IN view of the difficulty experienced by average wage-earners in obtaining finance from other lending institutions, co-operative housing must continue to be their main source of financial help and, therefore, must concentrate its financial resources to meet their needs.

The State Minister of Housing (Mr. E. R. Meagher) said when he opened the Federation's 1971 conference:

"The co-operative housing society movement, which has now completed 25 years of operation, has established a fine record of achievement. Since the first society was

formed in 1945, lenders and governments have combined to provide funds which have enabled societies to finance the erection or purchase of homes by their members, and so provide accommodation for nearly 250,000 people, or about 7½ per cent of the population of Victoria.

"Of major importance is the fact that, in the main, the funds raised by societies have been directed to the assistance of people in the lower income groups and persons with limited means who would not otherwise have had the opportunity to acquire homes of their own."

The Federation's President (Mr. J. E. Mason) explains the work and hopes of the movement:

"Co-operative housing societies were created at a

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time when the need for cheap finance was obvious. The initial success of the movement was due to the full support of the Government.

"It continued to succeed because of the merits inherent in the principles of co-operation. As time went by, the growing prosperity of the country enabled many people to afford bigger and more expensive houses and they were prepared to borrow more money at higher interest rates.

"In the process of dealing with this situation, the need of the low-income earner for cheap finance has gradually been neglected. It is our job to bring this need back into

full view.

"Co-operative housing societies are very prominent in Victoria. In number of societies and in terms of financial investment they exceed all others combined, and in numbers of members they rank second only to the producers, co-operatives.

"The co-operative housing movement looks forward to expanding its activities to the co-operative movement as a whole. We feel we have something to contribute. This may ultimately be to our own advantage — because as people learn to understand the value of co-operation, so the demand for co-operative housing must grow."

□ □ □

The Victorian Trading Co-operative Association Limited

THE VTCA was registered on September 6, 1968, to provide an organised representation for trading and producer co-operatives trading on behalf of their members.

Four co-operatives became foundation members and meetings of representatives from each society are held regularly to discuss matters of common interest such as co-operative legislation, income tax, co-operative buying, common identifying symbol, schools and seminars, maximum dividend rate on share capital.

A great deal of work and effort has been put in to provide a sound basis for the future. The association is looking forward to the time when amendments to legislation will provide the opportunity for many co-operatives not registered under the Co-operation Act to join.

Murray Goulburn comes of age

**Murray Goulburn
Co-operative Co. Ltd.**

MURRAY Goulburn Co-operative Co Ltd, now Australia's largest manufacturing dairy co-operative, is also one of its youngest.

It was incorporated as Murray Valley Co-operative Dairy Products and Trading Company Ltd. 21 years ago, with its registered office in Cobram.

Dairying had recently been introduced in the area with the advent of irrigation, and farmers decided to form their own co-operative to process and market their produce.

A cheese plant was built and cheese was first manufactured there on May 22, 1951, from the milk of 14 suppliers.

The company ensured that its operations would be truly co-operative through its constitution requiring that all directors had to be current suppliers of produce. To this



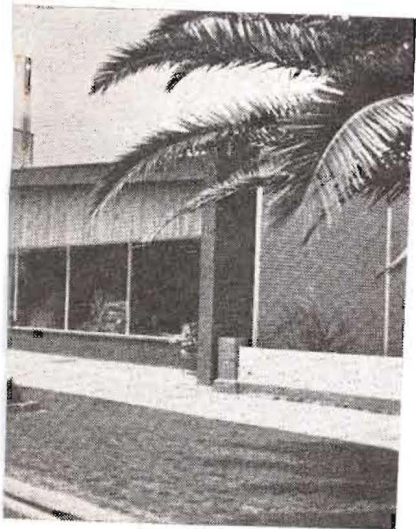
day, voting rights are restricted to supplier-shareholders, and all directors must be supplier-shareholders.

Butter manufacture began in 1952, and the sale of whole milk and table cream to Melbourne led to registration as a Milk Board depot in 1954.

By 1956 there were 264 suppliers. Butter production had risen to 478 tons, and cheese production, 1134 tons. Turnover for 1 year was \$1,287,326.

Merchandising services had also been established to supply farmer needs.

The period from 1957 to 1963 saw the following



**A typical
Murray Goulburn
store and
dairy factory
complex.**

Production became centralised in three high capacity plants — at Finley, Cobram and Rochester — while Deniliquin, Kyabram and Nathalia ceased manufacturing operations.

This reduced costs significantly and farmer returns rose.

In 1966, approaches from co-operatives in the Western District and Gippsland led to seven Western District companies and two Gippsland companies joining the Murray Goulburn group.

High-capacity plants were developed or extended — at Koroit in the Western District, and at Rochester and Cobram in the North. These permitted further economies as modern automated equipment was installed.

Today, Murray Goulburn Co-op has over 4000 suppliers; butter production exceeds 25,000 tons; milk powder production developed from 1965 now exceeds 24,000 tons; casein approximates 4,000 tons yearly.

Total tonnage of manufactured products is some 55,000 tons per year while turnover

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amalgamations with sister co-operatives:

1957 — with Nathalia Butter Factory Co.

1961 — with Kyabram Butter Factory Co.

1963 — with Berriquin Dairy Co Finley and Deniliquin (NSW); with The Rochester Co-op Butter Co.

The company's name was changed to Murry Goulburn Co-operative with the 1961 amalgamation with Kyabram Butter Factory to reflect its wider sphere of operation.

By 1964 the group was really growing. Suppliers numbered 1360, butter production was 6134 tons, cheese production 3330 tons, and casein 1704 tons. Turnover totalled \$11,587,254.

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of dairy produce for 1969-70 was \$30,579,442. Merchandise turnover of Murray Goulburn Trading Pty Ltd was \$4,645,855.

Murray Goulburn manufacturers over 20 per cent of Australia's milk powders, and 12½ per cent of its butter.

The merchandise operation carried on by the Co-operative's wholly-owned subsidiary, Murray Goulburn Trading Pty Ltd, continues to expand rapidly.

Although its chief function is to provide a wide range of merchandising services at reasonable rates for dairy farmers, its 17 stores have become an integral part of the rural communities in which they are situated.

Murray Goulburn Co-operative Co Ltd is now the aggregation of some 20 co-operative companies — some established almost 70 years ago. It operates on strictly co-operative lines, and its directors are all practising farmers. Every area has proportionate representation on the board guaranteed by its constitution.

Its share dividend is limited by its articles to

10 per cent, and has been fixed at 8 per cent for many years.

The greater portion of its earnings, after setting aside reasonable amounts to reserves, is distributed to farmer suppliers in the form of bonus payments based on their level of milk or cream supply.

Aims

Murray Goulburn's aims could be summarised as:

THE payment to shareholders of a reasonable dividend return on their investment, comparable with prevailing interest rates.

THE payment to supplier/shareholders of the highest possible return for their milk or cream, by reducing manufacturing costs to a minimum, and by energetic marketing.

AS far as is possible, to keep control of Australian dairy produce in the hands of the dairy farmer from farm through factory to the ultimate market.



Proving Co-op principles

**The Phosphate
Co-operative Company of
Australia Limited**

THE Phosphate Co-operative Company of Australia Limited was registered on June 11, 1919, to give primary producers of Victoria control of the fertiliser industry.

The co-operative began construction of its factory at North Shore, Geelong, in 1924 and three years later the first supplies of super-phosphate left the plant.

Capacity was steadily increased over the years to match the demands of the growing number of members and the more widespread use of fertilisers. From an initial 40,000 tons, the total annual sales reached a peak of 680,000 tons in 1966-67 — which at that time represented about 45 per cent of the state's total usage.

The drought and the marketing difficulties of the rural industries reduced output for some years, and in

1969-70 the tonnage sold was 566,000 tons.

However, in November, 1970, the company bought the major Victorian assets of Cresco Fertilizers Limited, their factory at Portland being taken over as a going concern. Phosphate Company's output for 1970-71 topped 700,000 tons.

In June this year, ICIANZ and the Phosphate Co-operative Company issued a joint announcement that agreement in principle had been reached for ICI to sell its fertiliser plant at Yarraville to the company. The change-over date is planned for September 1, 1971. The company shall then manufacture and sell a complete range of high and low analysis fertilisers.

The continued progress of the co-operation has been

continued next page

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based on economic and reliable service to its primary producer members — now 30,000 in number — and a policy of using modern equipment and technology.

Secure

The company is an excellent example of the successful application of co-operative principles. It offers its members secure supplies of fertilisers and at the same time exerts a significant influence on the price structure of the industry.

The basic principles of Phosphate co-operative trading are that it:

SELLS all fertilisers at market prices.

RETURNS each year the available surplus from trading operations in the form of rebates to members, in proportion to fertiliser purchases.

PAYS rebates only to members who support their co-operative by the buying of the company's fertilisers; thus no dividends are paid on share capital.

LIMITS the size of a member's shareholding to 500 shares. (\$10 per share).

DOES not list its shares on the stock exchange.

More than \$14 million has been paid over the years to members as rebates on their purchases.

Phosphate Co-operative also renders an important advisory service to members on efficient use of fertilisers. This includes a well-established soil-testing service and the employment of agronomists.

The raw materials of superphosphate are phosphate rock and sulphur. Sulphur is imported from Canada, USA and Mexico. The islands in the Pacific and Indian Oceans remain the major source of supply of phosphate rock.

Modern

The highly-mechanised Pivot factory combines the latest engineering and materials handling methods with the most modern chemical processes.

Since 1962, the co-operative has spent more than \$10 million on plant modernisation.

The co-operative's continued existence is a guarantee that primary producer members will remain in control of their own fertiliser supplies and costs.





Filling woven plastic sacks
at the Co-operative's Geelong plant.

THE International Co-operative Alliance marked its 75th anniversary in October, 1970, by declaring the Seventies "Co-operative Development Decade."

Dr. Maurice Bonow, ICA President, stated at the time that "as an international self-help movement we can contribute powerfully by mobilising the essential human resources for economic and social progress".

In speaking at the annual meeting of the Maritime Co-operative Services in Canada in March, 1971, Dr. D. Hugh Gillis, director of Coady International Institute, had this to say:

"In the developing world, co-operators are looking for

GUIDE TO SOCIAL ACTION

a philosophy, a guide to social action, a spirit of reform that sees the co-operative as a people's movement which can help to bring about a radical change in the lives of people; a movement that is not part of the old colonial or new government establishment but which, through its involvement in education and training and projects of community development, can lead the people to a better way of life."

SUMMARY OF ICA STATISTICS

THE International Co-operative Alliance now includes affiliated organisations in 59 countries. The summary of statistics relates to 51 countries with 553,467 societies and 254,917,534 members.

TYPE OF SOCIETY	NUMBER OF SOCIETIES	NUMBER OF MEMBERSHIPS
Consumer	50,999	112,699,118
Credit	263,573	76,723,039
Agricultural	123,626	35,623,887
Miscellaneous	7,200	15,942,744
Building and Housing	36,659	7,003,172
Productive and artisan	63,110	5,443,903
Fishery	8,300	1,481,671
	<hr/> 553,467	<hr/> 254,917,534

Total annual turnover of trade \$103,598 million.

CO-OP DIGEST

CO-OP DIGEST is the Co-operative Federation of Victoria's first publication. It is published three times a year. Subscription is \$1 per year.

This publication was proposed to co-operatives by the Co-operative Development Society early in 1970, and the society received sufficient orders from co-operatives to justify its launching.

However, at that time the directors of the Development Society deferred the Co-op Digest because they considered formation of a representative-type Federation of Co-operatives in Victoria was probable. The directors felt that such a body if formed should be the one to publish a Co-op Digest.

After the Federation was formed in October, 1970, the Development Society referred the proposed Co-op Digest to it. In due course the council of the Federation adopted the idea and here is the first issue.

The Digest will be directed towards education of directors, committee members, employees and voluntary workers.

Co-operatives which have not previously ordered Co-op Digest for their organisation, or who wish to increase their order, are invited to do so by using the subscription form on the next page.

COST OF CO-OP DIGEST: \$1 for three copies per year

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(Secretary)

Name of Co-operative:

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order in bulk the number of copies it requires. The bulk
order will be forwarded to the address on your order form).**